



THE COMMONWEALTH OF MASSACHUSETTS

**DEPARTMENT OF  
TELECOMMUNICATIONS & ENERGY**

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COMMISSIONER

February 24, 2006

SENT BY E-Mail, and  
First Class U.S. Mail

Cheryl M. Kimball  
Keegan Werlin LLP  
265 Franklin Street  
Boston, MA 02110

Re: New England Gas Company, D.T.E. 06-3

Dear Ms. Kimball:

Enclosed is the first set of information requests by the Department of Telecommunications and Energy to New England Gas Company regarding the above-captioned matter. Please submit copies of the Company's responses to the information requests to the Department by 5:00 p.m., March 10, 2006.

Should you have any questions please contact me at (617) 305-3762. Thank you for your prompt attention to this matter.

Sincerely,

Jody Stiefel  
Hearing Officer

Enc.

cc: Service List  
Mary Cottrell, Secretary

FIRST SET OF INFORMATION REQUESTS OF  
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO  
NEW ENGLAND GAS COMPANY

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Pursuant to 220 C.M.R. 1.06(6)(c), the Department of Telecommunications and Energy ("Department") hereby submits to New England Gas Company ("New England" or "Company") the following information request(s) with respect to the January 3, 2006, Request for Changes to Purchasing Practices, D.T.E. 06-3.

**INSTRUCTIONS**

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please serve a copy of the responses on Mary Cottrell, Secretary of the Department, one copy to the Service List, and submit one copy of the responses to Jody M. Stiefel, Hearing Officer.

**Request**

- DTE 1-1 Please indicate which customer classes are the target of the proposed Company's Gas Commodity Purchasing Practice.
- DTE 1-2 The Company proposes to purchase up to 50 percent of its annual gas-supply purchase requirements in advance (Company Filing at 2). Please:
- (a) Explain why the Company selected the level of 50 percent of its annual supply requirements and not a greater or less percentage. Is the 50 percent level optimal for price stabilization?
  - (b) Discuss what the Company means by "up to 50 percent". Under the Company's proposal, is it possible to purchase in advance less than 50 percent of the Company's annual supply requirements? If yes, explain how the Company would determine the optimal amount to purchase in advance.
  - (c) Indicate whether the purchase up to 50 percent of the Company's requirements applies to the annual gas-supply purchase requirements under normal weather conditions or design weather conditions.
- DTE 1-3 Please indicate additional costs (e.g., operational or administrative) that the Company would incur when implementing the new Gas Commodity Purchasing Practice. If there are any additional costs, indicate how the Company plans to recover them.

- DTE 1-4      The Company states that it has implemented a similar structure in the Rhode Island service territory and has been successful in stabilizing rates for customers (Company Filing at 2). Please:
- (a)      Explain the differences between the structure applied in Rhode Island and the proposed structure to be applied in Fall River and North Attleboro service territories.
  - (b)      Discuss similarities and differences in the market structure of the three companies' service territories. Explain why a purchasing plan successful in Rhode Island would be successful in Fall River and North Attleboro as well.
- DTE 1-5      The Company states that it would begin locking in purchases of supply starting two years prior to the month of delivery and ending four months prior to the month of delivery (see page 2 of the Company's filing). Please:
- (a)      Explain why the Company chose two years and not another period of time (i.e., one or three years), and
  - (b)      Explain why the purchases will end four months prior to the month of delivery and not a different period (i.e., less than four months or more than four months).
- DTE 1-6      Please discuss whether the purchase of 1/20th (i.e., five percent) per month of the projected gas requirements would be a fixed proportion. Please indicate what circumstances, if any, in which the Company could alter the proportion of five percent.
- DTE 1-7      The Company proposes to implement an expanded proportion of locked-in purchases for earlier months in order to achieve the benefits of the plan on an expedited basis by purchasing at a rate higher than the five percent level so that the level of supply locked in starting in July 2006 would reach the 50 percent level. Please:
- (a)      Explain why the Company selected the date July 2006,
  - (b)      Discuss when the Company would come back to the systematic purchasing plan of five percent per month.
- DTE 1-8      Please refer to the Company Filing at 1. Explain why the Company procures much of the remainder of the gas supply required to meet customer needs based on a "first-of-the-month" or "spot" basis throughout the peak season.

- DTE 1-9      Please indicate the percentage of the Company's total annual gas requirements that is made of non-storage supplies. If the Company purchased 50 percent of its (non-storage) annual gas-supply requirements in advance, what percentage of the total annual gas-supply would this represent? Explain how the Company purchases its storage gas supplies.
- DTE 1-10     Please explain the Company's position that its customers prefer price stabilization to least cost supply.
- DTE 1-11     Please submit a copy of the information request responses that have been submitted to the Rhode Island Public Utilities Commission in the Company's annual Gas Cost recovery Filing, Docket No. 3696.
- DTE 1-12     Please discuss any potential downside to the proposed purchasing plan, and the steps the Company has put in place to address them.